

Auditor's Summary

Financial Audit of the Hawai'i Community Development Authority

Financial Statements, Fiscal Year Ended June 30, 2022



PHOTO: OFFICE OF THE AUDITOR

THE PRIMARY PURPOSE of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Hawai'i Community Development Authority, as of and for the fiscal year ended June 30, 2022. The audit was conducted by KKDLY LLC.

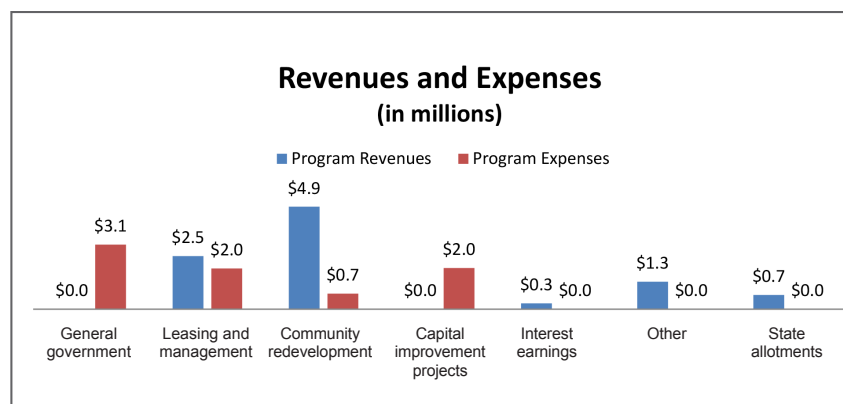
About the Authority

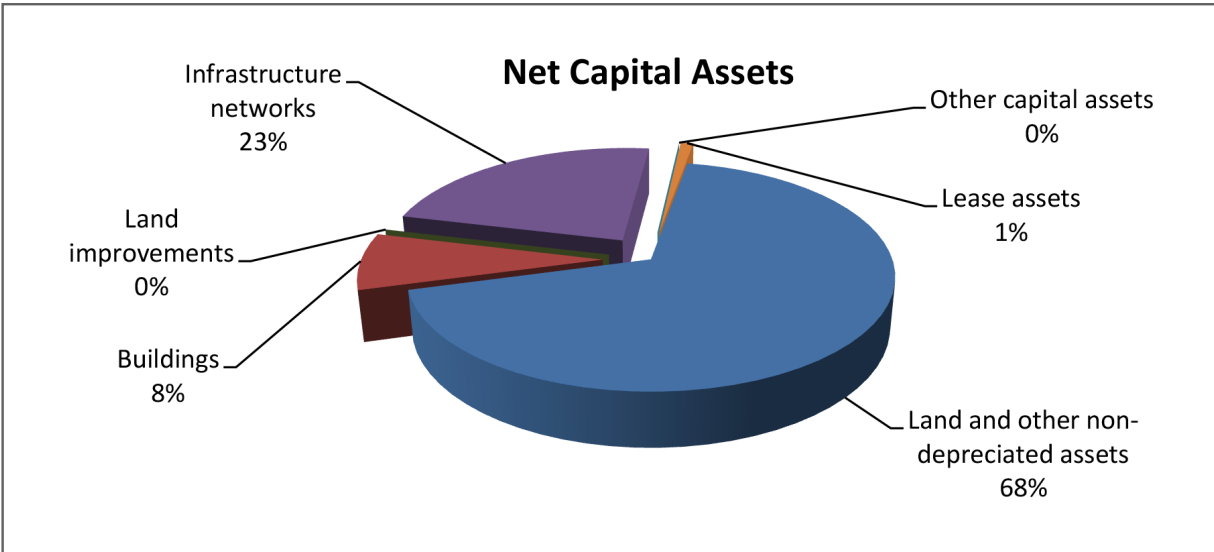
The Hawai'i Community Development Authority (HCDA) was established in 1976 by Chapter 206E, Hawai'i Revised Statutes, to establish community development plans in community development districts, to determine community development programs, and to cooperate with private enterprises and various components of federal, state, and county governments to bring community plans to fruition. HCDA is administratively attached to the Department of Business, Economic Development and Tourism.

Financial Highlights

FOR THE FISCAL YEAR ended June 30, 2022, HCDA reported total revenues of \$9.7 million, total expenses of \$7.8 million, and net transfers out of \$500,000, resulting in an increase in net position of \$1.4 million. Revenues consisted of (1) leasing and management activities of \$2.5 million, (2) community redevelopment activities of \$4.9 million, (3) investment earnings of \$300,000, (4) net state appropriations of \$700,000, and (5) other revenue of \$1.3 million.

The following graph illustrates a comparative breakdown of HCDA's revenues and expenses.





As of June 30, 2022, total assets and deferred outflows of resources of \$153.8 million exceeded total liabilities and deferred inflows of resources of \$32.4 million resulting in a net position of \$121.4 million.

Of the net position balance of \$121.4 million, \$28.6 million is unrestricted and may be used to meet ongoing expenses, \$100,000 is restricted for capital projects, and \$92.7 million is invested in net capital assets. The agency reported total assets and deferred outflows of resources comprised of (1) net capital assets of \$93.4 million, (2) cash of \$30.6 million, and (3) receivables, other assets, and deferred outflows of resources of \$29.8 million.

Auditors' Opinion

HCDA RECEIVED AN UNMODIFIED OPINION that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Findings

THERE WERE NO MATERIAL WEAKNESSES in internal control over financial reporting that would have required reporting under *Government Auditing Standards*. However, the auditors identified one significant deficiency. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The finding is described on pages 66-67 of the report.

For the complete report, visit our website at:
https://files.hawaii.gov/auditor/Reports/2022_Audit/HCDA2022.pdf